



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, D. C. 20551

May 24, 2019

JEROME H. POWELL  
CHAIRMAN

The Honorable Charles E. Grassley  
Chairman  
Committee on Finance  
United States Senate  
Washington, D.C. 20510

The Honorable Ron Wyden  
Ranking Member  
Committee on Finance  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman and Ranking Member:

I am responding to your letter of February 13, 2019, requesting certain records and information related to any meetings between Federal Reserve Board officials and Alexander Torshin, Deputy Governor of the Central Bank of the Russian Federation, and his interpreter, Maria Butina.

Attached are responses to your enumerated questions to the extent that the Federal Reserve has relevant information or documentation to provide. As a matter of practice, the Federal Reserve views as confidential its communications with senior foreign central bank officials about their views of economic conditions, even if, as here, the views involve only publicly available economic information. Thus, we are providing this information on the understanding that it will be given confidential treatment.

I hope this information is helpful to you.

Sincerely,

A handwritten signature in black ink that reads "Jerome H. Powell".

Enclosures

**1. All records relating to all meetings between or among Federal Reserve officials, Ms. Butina, and Mr. Torshin, including those facilitated by or otherwise involving the Center for the National Interest.**

Attached is a summary of the meeting. The only other relevant records are internal emails related solely to scheduling matters that contain no substantive information.

**2. All records of Mr. Fischer's communications relating to Ms. Butina and Mr. Torshin.**

Except as described above, we do not have records of any such communications.

**3. How many times did Mr. Fischer meet with Ms. Butina and Mr. Torshin? For each meeting, please list the date, the location, the list of attendees, and provide all records related to each meeting to include all transcripts, memoranda, and communications regarding the meeting.**

There was one meeting on April 7, 2015. The meeting was held at the Board of Governors of the Federal Reserve System, Washington, D.C. The other Federal Reserve representative in attendance was a Board staff member who took notes of the meeting (please see attached).

**4. When meeting with Ms. Butina and Mr. Torshin, did Mr. Fischer hold a security clearance? If so, at what level and did any meetings with Ms. Butina and Mr. Torshin take place in a Sensitive Compartmented Information Facility?**

Consistent with his duties, Mr. Fischer had the appropriate national security clearance, but sensitive information was not discussed at the meeting.

**5. Please also describe how meetings between or among Federal Reserve Officials, Ms. Butina, and Mr. Torshin differed, if at all, from other similar meetings that Federal Reserve officials may have undertaken with regard to nations other than Russia and foreign nationals other than Mr. Torshin and Ms. Butina.**

The meeting was handled in the same manner as similar meetings. It is standard practice for Board members to meet with policymakers from other central banks. As at this meeting, the discussions usually involve sharing views on economic and financial developments in the United States, the foreign country, and globally.

**6. Please provide a copy of Federal Reserve policies that cover the protocols and procedures in place for leadership and staff meetings with foreign officials or representatives of foreign governments. If there is no written policy, please describe those protocols and procedures in a written response. Please also describe whether and to what extent these reported meetings with Ms. Butina and Mr. Torshin complied with policy and procedure.**

Federal Reserve leadership and staff meet on occasion with foreign officials to gather information needed to understand global economic and financial conditions, as well as to explain

the Federal Reserve's views about the economic outlook and the appropriate course of monetary policy. In these meetings, Federal Reserve leadership and staff are expected to safeguard carefully confidential information and to refrain from discussing internal Federal Reserve deliberations beyond what already has been made public. Mr. Fischer's meeting with Mr. Torshin and Ms. Butina complied with those expected procedures.

**INTERNAL FR**

April 8, 2015  
Brahima Coulibaly

**Summary of the Meeting between Vice Chairman Fischer and Alexander Torshin, State-Secretary-Deputy Governor of the Bank of Russia**

The meeting began with Vice Chairman Fischer congratulating Mr. Torshin for his appointment [on January 20, 2015] as Deputy Governor of the central bank. Torshin introduced himself. His experience prior to his appointment includes serving as Senator. He was accompanied by Ms. Maria Butina who served as translator during the meeting. She is Founding Chairman and Board Member of a Russian organization which promotes the right to bear arms. They are both life members of the National Rifle Association (NRA). They are in the United States to attend the NRA's annual meeting, and Torshin expressed his gratitude for the "golden" opportunity to visit the Fed and exchange with Vice Chairman Fischer.

Fischer inquired about the central bank. Torshin indicated that it used to be a state bank. Its role has evolved. It is now involved with various types of regulations and it controls much of the country's financial system. The Ministry of Finance and Treasury also extend credit, but mainly to Russian regions. This December, Russia plans to introduce a new payment system similar to Visa or MasterCard in the United States.

Fischer asked about Torshin's role. As State-Secretary-Deputy Governor, he acts as a liaison between Russia's central bank and the Federal Assembly and regional states. His mandate is to increase the role of the central bank and "lobby" the assembly to fast-track the passage of some laws which are important to the bank. One such law pertains to personal bankruptcy. Effective July 1, bankruptcy laws will be modified to also cover individuals; previously only firms could declare bankruptcy. Under the new law, Russians can declare bankruptcy through the court system and be protected from the abuse and intimidation of creditors. Torshin is also pushing for legislation to facilitate the creation of a Russian credit rating agency. Fitch, Moody's, and Standard and Poor's all operate in Russia. The objective is not to replace these agencies but to provide more options. However, the legislative process has been difficult.

The discussions turned to inflation. Fischer asked if Russia's inflation is still about 12 percent. Torshin said that it varies by region and product category but, on average, it is between 12 and 14 percent. Some of the price developments are puzzling. For example, the price of cabbage surprisingly surged 60 percent. He suspects it could be due to collusion among sellers in violation of anti-monopoly laws. Fischer noted that with many suppliers, it should be hard to coordinate price setting. Torshin agrees that there are many farmers, but points out that they do not sell directly to consumers. Instead, they bring the products to retailers who can collude to set prices. In contrast, the price for bread has been subdued. Torshin believes that the effect European and U.S. sanctions on Russian inflation is difficult to assess. In response to the sanctions, Russia began to provide more support to local producers of some staple foods, including agricultural products, pork, chicken, beef etc. This should help contain inflation. Combating inflation is a priority of the central bank and it has had some success.